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AVERAGE ANNUAL PAY IN THE DISTRICT OF COLUMBIA, 2001

Annual pay in the District of Columbia averaged \$56,024 in 2001, increasing 5.8 percent over the year, according to preliminary data from the U.S. Department of Labor's Bureau of Labor Statistics. Sheila Watkins, regional commissioner of the Bureau in Philadelphia, noted that the District's pay level surpassed that for each of the 50 States, and has done so every year since 1987. Average annual pay in the District in 2001 was \$19,810 higher than the national average.

This release provides the first annual data that uses the 2002 version of the North American Industry Classification System (NAICS) as the basis for the assignment and tabulation of economic data by industry. The NAICS structure is significantly different than that of the 1987 Standard Industrial Classification (SIC) system, which had been used for industry classification purposes until this year. This difference results in NAICS-based data that are not comparable with historical SIC-based data. For more information, see the Industry and the Change in Industry Classification Systems sections of this release.

Within the South Atlantic division¹, pay levels exceeded the nationwide average of \$36,214 in Delaware (\$38,434), Maryland (\$38,237), and Virginia (\$36,716), as well as in the District. In the remaining five states, annual pay ranged from \$27,982 in West Virginia to \$35,114 in Georgia. Average pay in the South Atlantic grew at a 4.3 percent pace in 2001 compared to 2.5 percent nationally with all eight states and the District of Columbia surpassing the nationwide average. Growth in average annual pay ranged from 2.6 percent in Georgia to 5.8 percent in the District of Columbia. The District's pay increase was the fastest in the nation, while Delaware and Maryland followed closely behind, ranking second and third, respectively.

Eight of the 14 areas in the U.S. where the average pay level surpassed the national average fell in a contiguous band along the east coast stretching from Massachusetts to Virginia. The five highest pay levels nationwide were in the District of Columbia (\$56,024), Connecticut (\$46,963), New York (\$46,664), Massachusetts (\$44,976), and New Jersey (\$44,285). (See chart A.) The five states with the lowest annual pay in 2001—Montana, South Dakota, North Dakota, Mississippi, and Arkansas—have posted the five lowest annual pay figures every year since 1988. Pay in those states ranged from \$25,194 to \$27,258. (See table 1.)

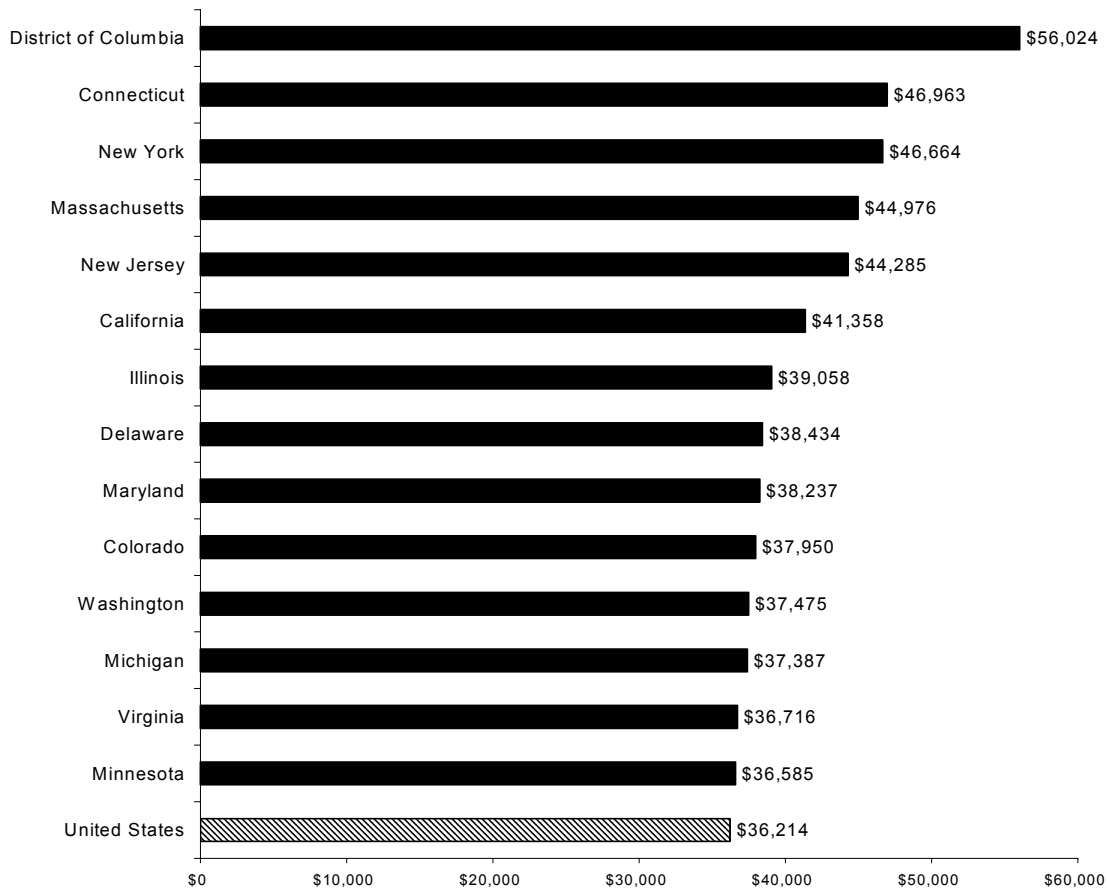
Nearly three-quarters of the 50 states and the District of Columbia had percentage increases in annual pay that exceeded the 2.5 percent growth rate for the nation. The top three in pay growth in the United States were all in the South Atlantic division. The District of Columbia had the fastest rate of gain at 5.8 percent, followed by Delaware (5.2 percent) and Maryland (5.1 percent). No other states in the country had percentage increases of 5 percent or more. At 0.2 percent, Idaho registered the smallest increase in pay. Other states with low rates of pay growth were California (0.4 percent) and

¹ The South Atlantic division referenced in this release corresponds to the Census definition and is comprised of 8 states (Delaware, Florida, Georgia, Maryland, North Carolina, South Carolina, Virginia, and West Virginia) and the District of Columbia.

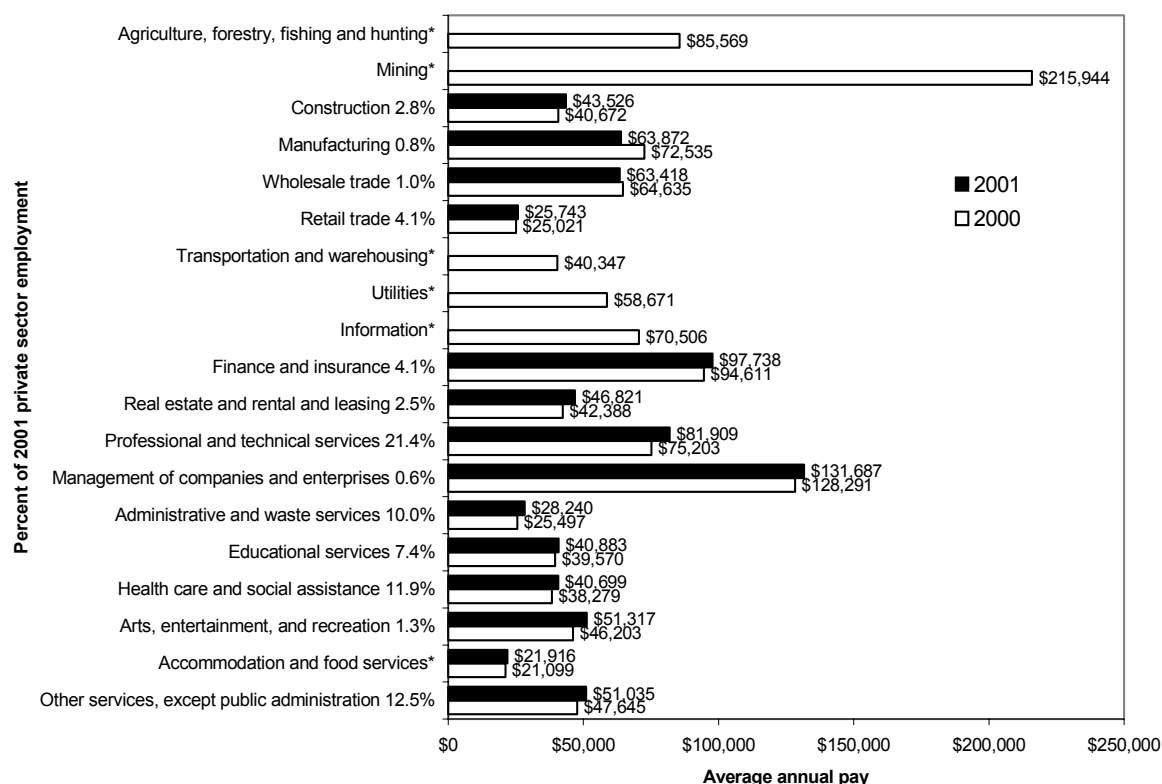
Washington and Michigan (1.0 percent each). Oregon, New Jersey, and Massachusetts each grew by less than 2.0 percent. The 2001 growth rates for each of these states were lower than their 2000 pay growth. No state reported a decline in pay in 2001.

Annual pay data are compiled from reports submitted by employers subject to State and federal Unemployment Insurance (UI) laws which cover 129.7 million full- and part-time workers nationwide. Average annual pay is computed by dividing total annual payrolls of employees covered by UI programs by the average monthly number of these employees. (See Technical Note.) Pay differences among states reflect the varying composition of employment by occupation, industry, and hours of work, as well as other factors. Similarly, over-the-year pay changes may reflect shifts in these characteristics, as well as changes in the level of average pay.

Chart A. Average annual pay for the District of Columbia and states exceeding U.S. level in 2001



Annual pay in the District of Columbia's private sector industries, which comprised 65.6 percent of the work force, averaged \$53,038 in 2001, increasing 6.4 percent over the year. (Private industry employment excludes government workers.) Professional and technical services was the District's largest industry division, accounting for 21.4 percent of all private sector employment, followed by other services, except public administration, with 12.5 percent. (See chart B.) Percentage changes in average pay for all published industry divisions ranged from an 11.9 percent decline in manufacturing to an 11.1 percent increase in arts, entertainment, and recreation. (See table 2.) Management of companies and enterprises was the highest paid industry, averaging \$131,687. Accommodation and food services, with a larger percentage of part-time workers, was the lowest paid at \$21,916. Every industry in the District of Columbia for which average annual pay was reported had a pay level higher than its respective U.S. industry average. Overall, private sector pay in the District was almost \$17,000 above the national level of \$36,159.

Chart B. Percent of private sector employment in the District of Columbia by industry in 2001

Note: The five industry divisions that do not meet BLS or State agency disclosure standards for 2001 have an asterisk next to them.

The District of Columbia is part of the Washington, D.C.-Md.-Va.-W.Va., metropolitan area². The average annual pay for the Washington metropolitan area was \$47,584, up 4.9 percent from 2000, the eighth highest level among the 318 metropolitan areas in the nation. It was one of 34 areas in the United States to exceed the metropolitan average of \$37,897 and along with Wilmington-Newark, Del.-Md., Atlanta, Ga. and Raleigh-Durham-Chapel Hill, N.C., one of four among the 63 areas in the South Atlantic division.

Nationwide, San Jose, Calif., retained its position as the metropolitan area with the highest average annual pay (\$65,926), a position it has held since 1997. This area held this ranking despite experiencing the largest decline (-13.5 percent) in average annual pay among the 10 metropolitan areas with decreases in 2001. San Francisco, Calif., had the second highest pay level (\$59,761), followed by New York, N.Y. (\$58,963); New Haven-Bridgeport-Stamford-Waterbury-Danbury, Conn. (\$52,177); and Middlesex-Somerset-Hunterdon, N.J. (\$49,830). Pay levels in these five metropolitan areas ranged from 31 to 74 percent above the average for all metropolitan areas in the nation. Of the 318 metropolitan areas in the United States, only 34 reported pay levels above the national metropolitan average of \$37,897.

² Nationwide there are 318 metropolitan areas. The general concept of a metropolitan area is that of a core area containing a large population nucleus, together with adjacent communities that have a high degree of economic and social integration within that core. See Technical Note for criteria used in determining a metropolitan area.

For the twelfth straight year, Jacksonville, N.C., had the lowest average annual pay among metropolitan areas (\$21,393). The second lowest pay occurred in Brownsville-Harlingen-San Benito, Tex. (\$22,146), followed by McAllen-Edinburg-Mission, Tex. (\$22,317), Yuma, Ariz. (\$22,482), and Myrtle Beach, S.C. (\$24,012). While the order of rankings has differed in prior years, these five metropolitan areas have had the lowest average annual pay since 1996. From 2000 to 2001, 90 metropolitan areas experienced less than average pay growth (2.4 percent). Of these, six areas had increases of approximately 1 percent, and 13 metropolitan areas experienced growth of less than 1 percent; one metropolitan area had no change. Ten areas reported declines in average annual pay. Two metropolitan areas reported declines of less than 1 percent in average annual pay, seven metropolitan areas reported declines of more than 1 percent but less than 10 percent, and one metropolitan area reported a decline of more than 10 percent.

Data are also available for the nation's 248 largest counties (those counties and independent cities with employment of 100,000 or more). The District of Columbia ranked seventh highest in pay level at \$56,024 and thirteenth in rate of pay growth at 5.8 percent.

Nationwide, New York County, N.Y., comprised entirely of the borough of Manhattan, regained the top position among the highest paid large counties after losing it for the first time in 2000. This county led the nation with average annual pay of \$74,641. Santa Clara County, Calif., moved back into second place with average annual pay of \$65,926. Fairfield, Conn., was third with average annual pay of \$63,123. San Mateo, Calif., was fourth with \$62,509, followed by San Francisco, Calif., at \$61,122. There were 147 counties with pay levels below the national average. The lowest level of average annual pay was reported in Cameron County, Texas (\$22,146), followed by the counties of Hidalgo, Texas (\$22,317), Tulare, Calif. (\$24,706), El Paso, Texas (\$25,836), and Volusia, Fla. (\$26,093).

Lafayette County, La., led the nation in growth in average annual pay with an increase of 8.2 percent from 2000 to 2001. Dutchess County, N.Y., was second with 7.4 percent growth, followed by the counties of Escambia, Fla. (7.1 percent), Fresno, Calif. (6.6 percent), San Francisco, Calif., Will, Ill., and Baltimore, Md. (6.2 percent each). Fifteen large counties showed declines in average annual pay from 2000 to 2001. Santa Clara County, Calif., had the largest decrease, registering a 13.5 percent decline. Morris County, N.J., was second with a 10.9 percent decline, followed by the counties of San Mateo, Calif. (-6.8 percent), Washington, Ore. (-5.2 percent), and Ada, Idaho (-4.0 percent). These sharp declines in pay growth followed extraordinary growth in 2000. From 1999 to 2000, pay growth increased by 24.5 percent in Santa Clara County, 19.0 percent in Morris County, 30.2 percent in San Mateo County, 13.2 percent in Washington County, and 10.0 percent in Ada County.

Change in Industry Classification Systems

Beginning with the release of data for 2001, publications presenting data from the Covered Employment and Wages program use the 2002 version of the North American Industry Classification System (NAICS) as the basis for the assignment and tabulation of economic data by industry. NAICS is the product of a cooperative effort on the part of the statistical agencies of the United States, Canada, and Mexico. Due to differences in NAICS and SIC structures, industry data for 2001 are not comparable to the SIC-based data for earlier years.

NAICS uses a production-oriented approach to categorize economic units. Units with similar production processes are classified in the same industry. NAICS focuses on **how** products and services are created, as opposed to the SIC focus on **what** is produced. This approach yields significantly different industry groupings than those produced by the SIC approach.

Data users will be able to work with new NAICS industrial groupings that better reflect the workings of the U.S. economy. For example, a new industry sector called *Information* brings together units which turn information into a commodity with units which distribute that commodity. *Information's* major components are publishing, broadcasting, telecommunications, information services, and data processing. Under the SIC system, these units were spread across the manufacturing, communications, business services, and amusement services groups. Another new sector of interest is *Professional and technical services*. This sector is comprised of establishments engaged in activities where human capital is the major input.

Users interested in more information about NAICS can access the Bureau of Labor Statistics Web page at <http://www.bls.gov/bls/NAICS.htm> and the Bureau of the Census Web page at <http://www.census.gov/epcd/www/naics.html>. The NAICS 2002 manual is available from the National Technical Information Service (NTIS) Web page at <http://www.ntis.gov/>.

TECHNICAL NOTE

Background

These data are the product of a federal-state cooperative program in which State Employment Security Agencies (SESAs) prepare summaries of employment and total pay of workers covered by Unemployment Insurance legislation. The summaries are a by-product of the administration of state unemployment insurance (UI) programs that require most employers to pay quarterly taxes based on the employment and wages of workers covered by UI. Data for 2001 are preliminary and subject to revision.

Effective January 2001, the CEW program began assigning Indian Tribal Councils and related establishments to local government ownership. This action by the Bureau of Labor Statistics (BLS) was in response to a change in federal law dealing with the way Indian Tribes are treated under the Federal Unemployment Tax Act (FUTA). This law requires federally recognized Indian Tribes to be treated similarly to state and local governments. In the past, the CEW program coded Indian Tribal Councils and related establishments in the private sector. As a result of the new law, CEW data will reflect significant shifts in employment and wages between the private sector and local government from 2000 to 2001. BLS incorporated this change in first quarter 2001 data because of the immediate effectiveness of the law, signed December 21, 2000. Data will also reflect industry changes. In addition to the change to local government, the industry codes of federally recognized Indian Tribal Councils were changed. Those accounts previously assigned to civic and social organizations were assigned to tribal governments. There were no required industry changes for related establishments owned by these Tribal Councils. These tribal business establishments continued to be coded according to the economic activity of that entity.

Coverage

Employment and wage data for workers covered by state UI laws and for federal civilian workers covered by the Unemployment Compensation for Federal Employees (UCFE) program are compiled from quarterly contribution reports submitted to the SESAs by employers. In addition to the quarterly contribution reports, employers who operate multiple establishments within a state complete a questionnaire, called the "Multiple Worksite Report," which provides detailed information on the location and industry of each of their establishments. Average annual pay data are derived from summaries of employment and wages submitted by states to the Bureau of Labor Statistics. These reports are based on place of employment rather than place of residence.

UI and UCFE coverage is broad and basically comparable from state to state. In 2001, UI and UCFE programs covered workers in 129.7 million jobs. The estimated 124.8 million workers in these jobs (after adjustment for multiple jobholders) represented 99.7 percent of wage and salary civilian employment. Multiple jobholder estimates are produced by the Current Population Survey. Covered workers received \$4.695 trillion in pay, representing 94.8 percent of the wage and salary component of personal income and 46.6 percent of the gross domestic product.

Major exclusions from UI coverage during 2001 are self-employed workers, most agricultural workers on small farms, all members of the Armed Forces, elected officials in most states, most employees of railroads, some domestic workers, most student workers at schools, and employees of certain small nonprofit organizations.

Concepts and methodology

Average annual pay was computed by dividing total annual pay of employees covered by UI programs by the average monthly number of these employees. In addition to salaries, average annual pay data include bonuses, the cash value of meals and lodging when supplied, tips and other gratuities, and, in some states, employer contributions to certain deferred compensation plans such as 401(k) plans, and stock options. Monthly employment is based on the number of workers who worked during or received pay for the pay period including the 12th of the month. With few exceptions, all employees of covered firms are reported, including production and sales workers, corporation officials, executives, supervisory personnel, and clerical workers. Workers on paid vacations and part-time workers also are included. Percent changes in average annual pay were computed using preliminary North American Industry Classification System (NAICS)-based 2000 data as the base. These preliminary NAICS-based 2000 data will differ from the Standard Industrial Classification (SIC)-based 2000 data previously published.

Average annual pay is affected by the ratio of full-time to part-time workers as well as the number of individuals in high-paying and low-paying occupations. When comparing average annual pay levels between industries and/or states, these factors should be taken into consideration. Annual pay data only approximate annual earnings because an individual may not be employed by the same employer all year or may work for more than one employer. Also, year-to-year changes in average annual pay can result from a change in the proportion of employment in high- and low-wage jobs, as well as from changes in the level of average annual pay.

In order to insure the highest possible quality of data, SESAs verify with employers and update, if necessary, the industry, location, and ownership classification of all establishments on a 3-year cycle. Changes in establishment classification codes resulting from the verification process are introduced with the data reported for the first quarter of the year. Changes resulting from improved employer reporting also are introduced in the first quarter. For these reasons, some data, especially at more detailed industry levels, may not be strictly comparable with earlier years.

A few covered employers provided insufficient information on the nature of their businesses to enable the SESA to assign a specific NAICS code. The establishments of these employers therefore could not be classified by industry sector. The wages for these nonclassifiable establishments, along with data for the agricultural division, are not shown separately, but are included in the averages for state and national totals.

The Office of Management and Budget (OMB) defines metropolitan areas for use in federal statistical activities and updates these definitions as needed each summer—data in this release use criteria established in definitions issued June 30, 1999 (OMB Bulletin No. 99-04). The 318 metropolitan areas in the United States are a compilation of a set of areas classified as Metropolitan Statistical Areas (MSAs), Primary Metropolitan Statistical Areas (PMSAs) and Consolidated Metropolitan Statistical Areas (CMSAs). Generally speaking, an MSA consists of one or more counties and meets specified size criteria—either it contains a city of at least 50,000 inhabitants, or it contains an urbanized area of at least 50,000 inhabitants, and has a total population of at least 100,000 (75,000 in New England). A CMSA is a metropolitan area that has a population of at least 1 million and has been divided into two or more PMSAs. The CMSA comprises the same geographic area as its constituent PMSAs which are loosely defined as free-standing areas that have a population of at least 100,000.

County definitions are assigned according to Federal Information Processing Standards Publications (FIPS PUBS) as issued by the National Institute of Standards and Technology, after approval by the Secretary of Commerce pursuant to Section 5131 of the Information Technology Management Reform Act of 1996 and the Computer Security Act of 1987, Public Law 104-106. Areas shown as counties include areas designated as independent cities in some jurisdictions, and, in Alaska, those designated as census areas where counties have not been created.

Additional statistics and other information

Additional average annual pay data (or Covered Employment and Wages data) is available on the BLS Internet site at <http://www.bls.gov/cew/home.htm>. Also, beginning in October 2002, quarterly data are available for selected CEW series. Data can be accessed in several ways, including *Selective Access*, which allows quick access to particular items, and the special request FTP service, which allows access to extensive collection of flat text files. The Philadelphia Information Office can provide assistance accessing these files by calling (215) 597-3282.

This news release, along with other BLS statistics and information, is available via the Internet at the BLS World Wide Web site <http://www.bls.gov/ro3/home.htm>.

BLS issues an annual report that provides data from state UI and UCFE programs. The comprehensive bulletin, Employment and Wages, Annual Averages, 2001, features information by detailed industry on establishments, employment, and wages for the nation and individually for each state. The report will be available for sale *early this year* from the Bureau of Labor Statistics Publications Sales Center, P.O. Box 2145, Chicago, Illinois 60690. Telephone orders using a credit card (MasterCard, VISA, Discover/NOVUS) or Government Printing Office Deposit Account are accepted at (312)353-1880 from 8 a.m. to 3 p.m. CT.

Table 1. State average annual pay for 2000 and 2001 and percent change in pay for all covered workers¹

	Average annual pay ²		Percent change, 2000-2001
	2000	2001	
UNITED STATES ³	\$35,320	36,214	2.5
South Atlantic Region⁴	34,664	36,149	4.3
Alabama	29,041	30,090	3.6
Alaska	35,144	36,140	2.8
Arizona	32,610	33,408	2.4
Arkansas	26,317	27,258	3.6
California	41,207	41,358	0.4
Colorado	37,168	37,950	2.1
Connecticut	45,486	46,963	3.2
Delaware.....	36,535	38,434	5.2
District of Columbia.....	52,965	56,024	5.8
Florida	30,560	31,551	3.2
Georgia.....	34,214	35,114	2.6
Hawaii	30,628	31,250	2.0
Idaho	27,701	27,765	0.2
Illinois	38,045	39,058	2.7
Indiana	31,030	31,778	2.4
Iowa	27,931	28,840	3.3
Kansas	29,361	30,153	2.7
Kentucky	28,800	30,017	4.2
Louisiana	27,888	29,134	4.5
Maine	27,664	28,815	4.2
Maryland.....	36,395	38,237	5.1
Massachusetts	44,168	44,976	1.8
Michigan	37,011	37,387	1.0
Minnesota	35,414	36,585	3.3
Mississippi	25,208	25,919	2.8
Missouri	31,384	32,422	3.3
Montana	24,272	25,194	3.8
Nebraska	27,693	28,375	2.5
Nevada	32,277	33,122	2.6
New Hampshire	34,736	35,479	2.1
New Jersey	43,676	44,285	1.4
New Mexico	27,498	28,698	4.4
New York	45,358	46,664	2.9
North Carolina.....	31,068	32,026	3.1
North Dakota	24,683	25,707	4.1
Ohio	32,508	33,280	2.4
Oklahoma	26,988	28,020	3.8
Oregon	32,776	33,203	1.3
Pennsylvania.....	34,015	34,976	2.8
Rhode Island	32,615	33,592	3.0
South Carolina.....	28,179	29,253	3.8
South Dakota	24,802	25,600	3.2
Tennessee	30,557	31,491	3.1
Texas	34,943	36,039	3.1
Utah	29,229	30,074	2.9
Vermont	28,914	30,240	4.6
Virginia.....	35,172	36,716	4.4
Washington	37,099	37,475	1.0
West Virginia.....	26,888	27,982	4.1
Wisconsin	30,694	31,556	2.8
Wyoming	26,836	28,025	4.4

¹ Includes workers covered by Unemployment Insurance (UI) and Unemployment Compensation for Federal Employees (UCFE) programs.

² Data are preliminary.

³ Totals for the United States do not include data for Puerto Rico and the Virgin Islands.

⁴ The 8 states and the District of Columbia comprising the South Atlantic division are in bold-face type.

Table 2. State and industry average annual pay in the U.S. and the District of Columbia for 2000 and 2001 and percent change in pay for all covered workers¹

State and industry	Average annual pay ²		Percent change, 2000-2001
	2000	2001 ³	
United States			
Total Private ⁴	\$35,333	\$36,159	2.3
Agriculture, forestry, fishing, and hunting	19,435	20,195	3.9
Mining	57,963	59,724	3.0
Construction	36,899	38,415	4.1
Manufacturing	42,989	42,975	0.0
Wholesale trade	48,043	48,789	1.6
Retail trade	21,915	22,670	3.4
Transportation and warehousing	35,106	36,187	3.1
Utilities	63,034	65,582	4.0
Information	58,180	57,171	-1.7
Finance and insurance	60,714	63,707	4.9
Real estate and rental and leasing ...	31,704	32,870	3.7
Professional and technical services ..	58,043	58,758	1.2
Management of companies and enterprises	69,520	69,069	-0.6
Administrative and waste services ...	23,066	24,435	5.9
Educational services	30,794	32,062	4.1
Health care and social assistance	31,376	32,811	4.6
Arts, entertainment, and recreation ...	24,432	25,328	3.7
Accommodation and food services ...	13,350	13,669	2.4
Other services, except public administration	22,328	23,222	4.0
District of Columbia			
Total Private ⁵	49,828	53,038	6.4
Agriculture, forestry, fishing, and hunting	85,569	(⁶)	(⁶)
Mining	215,944	(⁶)	(⁶)
Construction	40,672	43,526	7.0
Manufacturing	72,535	63,872	-11.9
Wholesale trade	64,635	63,418	-1.9
Retail trade	25,021	25,743	2.9
Transportation and warehousing	40,347	(⁶)	(⁶)
Utilities	58,671	(⁶)	(⁶)
Information	70,506	(⁶)	(⁶)
Finance and insurance	94,611	97,738	3.3
Real estate and rental and leasing ...	42,388	46,821	10.5
Professional and technical services ..	75,203	81,909	8.9
Management of companies and enterprises	128,291	131,687	2.6
Administrative and waste services ...	25,497	28,240	10.8
Educational services	39,570	40,883	3.3
Health care and social assistance	38,279	40,699	6.3
Arts, entertainment, and recreation ...	46,203	51,317	11.1
Accommodation and food services ...	21,099	21,916	3.9
Other services, except public administration	47,645	51,035	7.1

¹ Includes workers covered by Unemployment Insurance (UI) and Unemployment Compensation for Federal Employees (UCFE) programs.

² Data are preliminary.

³ Data reflect the movement of Indian Tribal Council establishments from private industry to the public sector. Effective with 2001, federally recognized Tribal Councils and their establishments were moved into local government. See Technical Note.

⁴ Totals for the United States do not include data for Puerto Rico and the Virgin Islands.

⁵ Includes other industries, not shown separately.

⁶ Data do not meet BLS or State agency disclosure standards.